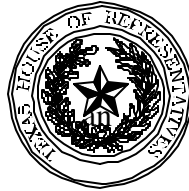

COMMITTEE ON STATE AFFAIRS

TEXAS HOUSE OF REPRESENTATIVES
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BURT R. SOLOMONS
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April 8, 2009

The Honorable Gary Locke
Secretary, U.S. Department of Commerce
Office of the Secretary
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, D.C. 20230

The Honorable Tom Vilsack
Secretary, U.S. Department of Agriculture
Office of the Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

The Honorable Anna Gomez
Acting Assistant Secretary, Deputy Assistant Secretary for Communications & Information
Office of the Assistant Secretary, National Telecommunications Information Administration
U.S. Department of Commerce
1401 Constitution Ave. N.W.
Washington, D.C. 20230

Dear Secretary Locke:

The American Recovery and Reinvestment Act provides for federal grants for broadband. The state of Texas lags behind the national average for the adoption of broadband services as well as other large states. There are many factors that contribute to this, but for purposes of the stimulus plan, the key factors that will lead to sustainable adoption are availability, affordability and competition. To address these factors, the state of Texas needs to maximize stimulus funds available for construction of broadband networks in unserved and underserved areas of Texas. Unserved and underserved areas include rural areas in which broadband service is unavailable, as well as economically impoverished areas in which competitive and affordable broadband service is not available.

The state of Texas would use stimulus money to fund projects that seek to deploy broadband service to the most people, in the shortest amount of time at the lowest cost. These goals are technology-neutral, as both wire line and wireless technologies have strengths and weaknesses depending on the area in which services are being deployed.

The demand for such service in Texas is at an all time high. As an increasing number of Texans subscribe

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to online services, broadband becomes a larger player in the telecommunications market. The number of broadband subscribers in Texas has increased 133 percent from 2005 to 2007 demonstrating a high rate of adoption and demand for broadband service as its price continues to drop to a level that more Texans can afford.

The number of broadband subscribers in Texas has grown from 614,704 in June 2001, to more than 6.8 million as of June 2007. In June 2007, Texas ranked second in the nation with respect to number of high-speed lines. Although customers have several options available to them, cable modem service and digital subscriber line (DSL) service, individually, continue to hold the largest shares of the broadband market. DSL allows customers to use their existing phone lines to transmit and receive data over the same copper facility. Similarly, cable modem service utilizes the same coaxial facility used to transmit video to also transmit broadband service. Other media for broadband service include wire line technologies other than asymmetric digital subscriber line (ADSL), symmetric DSL (SDSL), wireless, satellite, fiber-to-the-premise (FTTP), and broadband over power lines (BPL).

While Texas has the second highest number of high-speed lines, the subscription rate in Texas is lower than the other top 6 populous states and Texas also lags behind the national subscription rate. The states and their subscription percentage are as follows: California (39.6%), Texas (28.7%), New York (36%), Florida (35%), Illinois (33%), New Jersey (48%), Pennsylvania (33%), and the United States overall has a 33.5% subscription rate. If the state of Texas increased its subscription rate to the national average, an additional 1.15 million Texans would enjoy the benefits of a broadband connection.

A notable development in the broadband market in Texas is the tremendous growth of broadband provided over media other than ADSL and cable over the last two years. As of June 2007, broadband service over other media, collectively, exceeded the market share held individually by ADSL and cable. This development points to the increasing impact of wireless and fiber to the premises technologies in the broadband market.

Customers in an increasing number of counties have multiple choices of providers when subscribing to broadband service. The number of broadband providers in Texas counties has increased over the last two years. In 2006 there were 59 counties that had either one or no broadband provider. The latest data show that only 35 Texas counties remain with only one or no provider while the number of counties with more than one provider has increased from 195 to 219. There were only four counties that were not served by any broadband provider – Goliad, Refugio, Stephens and Winkler. The number of counties with more than 15 broadband providers has increased from one (Denton County) to five.

While the number of broadband providers operating in each Texas county have services available in and around metropolitan areas and many rural areas around Texas appear to be served by at least two providers, this does not necessarily mean that these providers offer service throughout the entire county. The limitations of the current broadband map do not provide the ability to have a more comprehensive understanding of the availability of broadband service across the state.

We request your consideration of the state of Texas when determining the use of Federal Broadband Grant dollars. Thank you for your time on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Burt R. Solomons". The signature is fluid and cursive, with the first name "Burt" and last name "Solomons" clearly distinguishable.

Burt R. Solomons
Chairman